

Cowboy No. 1

UPDATE ON EXPLORATION DRILLING
ON THE COWBOY GILSONITE VEIN
BLM APPROVED MINE PLAN
FEDERAL GILSONITE LEASE U-0122683
SECTION 33,, T8S-R24E,, UINTAH COUNTY,, UTAH

BY
ROBERT E..COVINGTON
CERTIFIED PROFESSIONAL GEOLOGIST NO..1705

FOR
ZIEGLER CHEMICAL & MINERAL CORPORATION

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On 10 July, 1995 Ziegler Chemical & Mineral Corp. submitted to the Utah State Office of the Bureau of Land Management a "Plan of Exploration" for the Cowboy Mine as a minor modification of the Mine Plan approved as of January 26, 1994. In accordance with the submittal ZC-95-1 was drilled to a depth of 160' and encountered 1.0' of gilsonite at a depth of 160' on an angle of 26°30" from the vertical. This ore was topped at a true vertical depth of 145'. Hole ZC-95-2 was drilled to a depth of 318'..The deviation from the vertical was 18° and ore was entered at 290' and went out of the ore at 303' on the angle for a true vein width of 4.02' at a true vertical depth of 238'. Hole ZC-95-3 was drilled to a total depth of 560' on an angle of 8° from the vertical. At total depth ore had not been encountered but with the small drill rig of Ziegler, it was not mechanically possible to drill deeper. This hole may be deepened with the Company's larger rig early next Spring. All three of these holes remain open pending running of electric logs after the completion of the exploration drilling at Shaft No.1. After they have been logged with a Gamma Ray-Neutron Density electric log, all drill holes will be properly plugged in accordance with regulations. The holes are covered with a cap to prevent water incursion. All three holes were drilled on the southwest side of the vein and were drilled in a northeast direction, perpendicular to the strike of the gilsonite vein. No water was encountered.

Holes ZC-95-4 & ZC-95-5 were located on the northeast side of the Cowboy vein. ZC-95-4 was located 88' northeast of the vein and was drilled on an angle 13°30" from the vertical to the southwest to a total depth of 350'. Gilsonite was encountered at an angle depth of

315' and went out of the ore at 335', for an angle width of 20' or a true width of 4.67'. Hole ZC-95-5 was drilled at a location which was 05' northeast of the Cowboy vein. Drilling was undertaken on an angle of 2° to the northeast and was drilled to a depth of 220', encountering the gilsonite vein at 180'. Since the hole was essentially vertical, the bit stayed in ore to total depth. This drill hole proved the presence of the ore. It is proposed to continue exploratory drilling to more clearly define the vein parameters of direction of dip and vein thickness to determine the economic viability of further mining. The holes ZC-95-4 & ZC-95-5 have been cemented from the total depth to surface. No water was encountered in either hole.

Drill Hole ZC-97-1 will be located at a calculated location which will be 60 feet northeast of the point at depth in the shaft at which the vein had shifted 20' to the northeast. Operator proposes to drill at an angle of 11°30" from the vertical in a southwest direction with the projected target being to cross the vein at an angle depth of 600'. Total depth of the hole is calculated to be approximately 635'. Additional holes may be drilled if needed.



ROBERT E. COVINGTON, CONSULTANT FOR
ZIEGLER CHEMICAL & MINERAL CORPORATION

Vernal, Utah

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CC: Gordon S. Ziegler, Jr.
Norman R. Haslem
State of Utah. Div. Oil, Gas & Mining
State Office, BLM, Stan Perkes
District Office, BLM, Vernal, Utah
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